

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

October 19, 2009
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, Creighton, Davidson, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Balducci opened the meeting at 6:00 p.m. and declared recess to Executive Session for approximately 40 minutes to discuss one item of property acquisition.

The Study Session resumed at 6:50 p.m., with Mayor Degginger presiding.

2. Study Session

- (a) Human Services Commission Recommendations for 2010 Community Development Block Grant (CDBG) Funds

City Manager Steve Sarkozy opened staff's presentation regarding annual recommendations for the use of Community Development Block Grant (CDBG) funds.

Emily Leslie, Human Services Manager, noted that Council action on the distribution of CDBG funds will be requested on November 2. She welcomed Jan Stout, Human Services Commission Chair, and other Commission members in the audience.

Ms. Leslie recalled that 2008 was the fifth consecutive year in which the CBDG program experienced reductions in the annual entitlement grant. In 2009, there was a small increase in funding of less than two percent. The Human Services Commission and staff are hopeful that a reduction in the federal appropriation will not occur for 2010. Other CBDG funding includes the loans repaid to the City's major home repair program, which are projected to decrease in 2010 by approximately \$40,000. Based on funding constraints, the Commission decided to not offer a competitive application process for capital facility projects, but to maintain support for core programs.

Joseph Adriano, Human Services Grant Coordinator, described the three general categories of activities that are eligible for CDBG funding. The largest percent of the funds can be spent on capital projects involving the acquisition or improvement of real property. Planning and administration represent the second category, and the third category is public service programs. CDBG funds support the ongoing operational costs for programs serving low and moderate Bellevue residents.

Federal regulations cap the amount of CDBG funds that can be expended in the second and third categories. In the case of public service programs, the City uses as much as possible within the maximum allowed, and combines this amount with the nearly \$2.4 million in the Human Services General Fund to support a broad network of agencies and programs serving low income and at risk Bellevue residents. One exception within the capital projects category is the Hopelink employment program, which is allowed under the federal regulations.

Jan Stout, Human Services Commission Chair, reported that an estimated \$793,759 will be available in 2010 CDBG funds. This includes \$718,759 in the HUD award and \$75,000 in estimated income from loan repayments in the home repair program. The majority of CDBG funds must be used for capital projects, and the two largest awards go to ARCH (A Regional Coalition for Housing) and the major home repair program. Between 1993 and 2008, ARCH funded more than 400 affordable housing units located in or near Bellevue.

Ms. Stout said that the major home repair program assists low and moderate income Bellevue homeowners, primarily seniors, who are able to stay in their homes after making critical safety repairs. The program served 32 new clients in 2009. The other continuing capital project is the minor home repair program operated by Senior Services of King County.

Ms. Stout explained that HUD allows funding for the planning and administration of CDBG programs. This category cannot exceed 20 percent of the annual HUD award plus program income received that program year. Most of the funds reimburse the City for the staff time involved in administering the CDBG program. Given the uncertainty of CDBG funding, the Human Services Commission is recommending an Allocation Contingency Plan if the funds available are \$50,000 above or below the estimated funding amount. Once the final grant amount is known, awards will be adjusted to match the amount available for disbursement. The 2010 funding recommendations will be submitted to HUD by its November 15 deadline.

Responding to Councilmember Lee, Ms. Stout said the major home repair program is fully funded by the CDBG award. Councilmember Creighton commented that the program provides no-interest loans or grants that are repaid. It is a revolving fund and the funds are used for new loans. Ms. Leslie acknowledged that the allocation to ARCH is a relatively small amount, and the balance of ARCH support comes from the Housing Trust Fund.

Responding to Councilmember Davidson, Ms. Leslie said the Northwest Kidney Center request is not eligible for CDBG funds because a generator is considered equipment rather than a capital expenditure. Ms. Leslie said staff provided the Center with other possible funding sources.

Dr. Davidson expressed concern about the existing policy to support previously funded programs, which makes it nearly impossible for new agencies to receive funding. He credited the Northwest Kidney Center for raising a large portion of its own funding. However, he is concerned that this lessens the Center's chances for receiving outside funding.

Responding to Deputy Mayor Balducci, Ms. Stout said the Commission was reluctant to reduce funding to ARCH. However, she noted that other hard decisions will be necessary if federal funding continues to lag. Ms. Balducci said she shares Dr. Davidson's concern that the policy of maintaining funding at past levels precludes the potential for doing anything new.

Responding to Ms. Balducci, Mr. Adriano said the \$2.4 million in the Human Services General Fund is directed to services and not to capital projects. Ms. Leslie said the generator requested by the Northwest Kidney Center is not authorized to be funded through this source either.

Councilmember Chelminiak followed up on Dr. Davidson's comments. He recalled the widespread power outages during the 2006 wind storm, and expressed concern about the impact to kidney dialysis and similar equipment. Fortunately the City's generator power allowed it to assist the community and maintain services. Mr. Chelminiak expressed support that staff assist the Northwest Kidney Center and others by providing referrals to alternative funding sources.

Councilmember Lee expressed concern that such a large portion of CDBG funding goes to the home repair program, when there are so many service providers in need of assistance. Ms. Leslie explained that the need within the home repair program is significant, and the loans are repaid. Much of the housing stock in Bellevue is in need of repair, and many of the homes are owned by seniors and others on fixed incomes. Ms. Leslie said the program has 30 households on its waiting list.

Responding to Councilmember Bonincontri, Ms. Leslie recalled that in June the Council approved the City's application for federal stimulus package funds in the amount of \$191,000. This is earmarked for the home repair program and for two roofing projects for programs serving seniors and disabled adults.

Noting that Council governs the policies guiding the Human Services General Fund, Deputy Mayor Balducci questioned whether there is a way to allow providers to make requests that fall between capital and services purposes, such as the Northwest Kidney Center's request for funding to purchase a generator.

City Manager Steve Sarkozy stated that staff can review the issue. However, he recalled that the Council's interest statement focuses on maintaining existing programs. He suggested that the issue be addressed during the Council's next annual review of its interest statement. Deputy Mayor Balducci concurred with this suggested approach.

Mayor Degginger noted a Council consensus to proceed with the Human Services Commission's recommendations for the disbursement of CDBG funding.

(b) Interest Statement regarding Puget Sound Regional Council's 2040
Transportation Plan – Principles for a Preliminary Preferred Alternative

Kim Becklund requested Council discussion on the proposed Interest Statement regarding Puget Sound Regional Council's 2040 Transportation Plan and the principles for a preliminary preferred alternative. The Interest Statement was drafted based on discussions last month with the Council. It guides the development of transportation investment policies in support of the 2040 Vision Plan, or the land use blueprint, adopted for the region last year.

Ms. Becklund explained that the 2040 Plan reflects a departure from how transportation priorities have been funded. The federal government requires that the plan have both a list of constrained projects (i.e., projects for which the region can more or less rely on funding) and an unprogrammed portion. Ms. Becklund explained that it is important to receive Council direction now because a series of decisions by the Puget Sound Regional Council Board are coming up over the next two months. She wants to ensure that Bellevue's priorities are well represented in the plan, and that the public is aware of the changes in transportation funding.

Councilmember Chelminiak reported that a briefing was provided at the Economic Development District meeting on PSRC staff's preliminary preferred alternative. Ms. Becklund said she can provide copies of that report. Mr. Chelminiak said the alternative reflects a radical departure from past transportation planning.

Responding to Mr. Chelminiak, Ms. Becklund said she will provide an outline of all of the variables to be considered in the 2040 Plan. She confirmed that there is a strong focus on transit and mode shift away from auto dependencies as much as possible, while still addressing the major congestion points on I-405, SR-520 and I-90. The plan does include a relatively radical shift in terms of pricing, beginning in 2020 with HOT lanes throughout the region, and then moving toward full toll lanes. Mr. Chelminiak noted that by 2030, there could be tolling on Bellevue Way as well as 148th and 156th Avenues. He is concerned that the public is not aware of the future potential for tolling, and that it extends beyond freeways to local surface streets.

Deputy Mayor Balducci recalled the previous presentation by the Puget Sound Regional Council (PSRC), which reflects a shift in adding user fee pricing along with traditional gas tax revenues. This approach raises revenue for the list of identified projects, which has a shortfall of \$2 billion. Responding to Ms. Balducci, Ms. Becklund confirmed that by 2030 the plan involves tolling the state highway system and not the arterial system.

Mr. Chelminiak stated that, as presented at the Economic Development District, part of the 2040 Plan involves tolling arterials in the outer years of the plan.

Ms. Becklund confirmed that tolling on arterials is possible beyond 2030. She noted language in the revised Interest Statement that discourages arterial tolling, because that is where the regional plan diverges from what has traditionally been governed by local jurisdictions, along with parking surcharges.

Mayor Degginger invited Council feedback on the draft Interest Statement provided in the desk packet.

Responding to Dr. Davidson, Ms. Becklund explained that Item 5 in the Interest Statement encourages that tolling revenue be used first for improvements to the corridor in which it was collected. However, the statement supports using surplus revenue for other corridors as projects are fully funded.

Councilmember Chelminiak expressed concern that discussions about the 2040 Plan have centered on how to pay for projects instead of on prioritizing the desired transportation system improvements. Seven of the nine principles in the Interest Statement relate to pricing. He agrees with the need for a greater investment in multi-modal transportation. However, he feels the debate has moved from talking about connecting activity centers to how to fund transportation projects.

Ms. Becklund questioned whether the Council would prefer a more outcome-oriented Interest Statement. She recalled that early in the process there was a focus on travel delays due to growth. PSRC's analysis included a strong focus on peak hour trip loads, travel mode breakdowns, and a whole series of measures attempting to address the desired outcome of reducing travel delays. Ms. Becklund recalled the Council's interest in gaining some assurance of reliability in the system to continue to move people and freight, and to accommodate growth.

Mayor Degginger noted a desire not just for reliability but for system connectivity as well.

Councilmember Chelminiak observed that a primary principle reflected in the PSRC preliminary preferred alternative is that congestion pricing is the way to manage traffic volumes on major highways. He questioned whether the Council agrees with this principle. A second principle focuses on a fairly heavy reliance on multi-modal transportation. He wondered whether the Council is implying agreement with these principles if the Interest Statement focuses on how to fund the 2040 Plan.

Councilmember Bonincontri said that her perspective on the preferred alternative is that congestion pricing is a way to alter travel behavior and encourage solutions including traveling during non-peak hours and increasing non-SOV modes. She does not believe that congestion pricing can realistically finance the projects needed such as light rail. She supports the objective to increase multi-modal transportation, but she does not see how related projects will be financed.

Following up to Councilmember Chelminiak, Deputy Mayor Balducci suggested that the Council discuss its position on the proposed shift toward user fees, as well as the Council's position on congestion management versus road expansion. She noted that while there has been less discussion on the expenditure side of the plan, regional staff have been working on the project list. Ms. Balducci said a fairly high number of trips during peak periods are classified as

unnecessary or choice trips. Reducing these choice trips through tolling is one aspect of congestion management.

Mr. Chelminiak stated that this approach eventually leads to tolling on arterials. He agrees that congestion pricing is a tool for behavioral change. However, tolling every roadway perhaps 24 hours per day is not congestion pricing to change habits, but is simply tolling.

Ms. Becklund explained that the current analysis indicates that when tolls are implemented for the overall highway system, with people paying a premium during peak periods, demand increases on local roadway systems. She does not foresee toll collections on individual arterials but perhaps some other method for user fees on regional transportation systems.

Councilmember Lee expressed support for Mr. Chelminiak's suggestion to focus on the local system as it relates to regional planning. Mr. Lee suggested that the Interest Statement reflect the equal importance of local systems and regional connectivity between activity centers. ~~He is not convinced~~ does not believe that congestion pricing is an appropriate measure for altering behavior by congestion pricing is appropriate.¹ He prefers to provide travel options and to encourage alternative travel modes based on environmental awareness or other motivations for individuals.

Councilmember Creighton recalled that past regional plans focused more on delivering a transportation system, and less on how pay for it. The 2040 Plan appears to be focused on how to pay for the elements identified in the 2030 Plan. He concurred with Mr. Chelminiak's observation that the Interest Statement does not communicate the City's desired outcomes.

Ms. Becklund recalled that the emphasis of the 2030 Plan was gaining recognition for major highway projects, which led to the creation of the Regional Transportation Investment District (RTID) program. Those projects are still in the 2040 Plan, along with the enhanced focus on revenue to support the plan.

Based on Council's feedback, Ms. Becklund proposed revising the Interest Statement by starting with Bellevue's vision for the 2040 Plan, including desired outcomes. The statement can then address how to reach the objectives and fund the needed projects.

Mayor Degginger concurred with this proposed approach. He observed that the Interest Statement should communicate the Council's position regarding elements that should be included in the 2040 Plan, which represents multiple layers of investment by different government entities. It is important that the plan connect metropolitan centers in an efficient way to move people and goods. The other aspect of the plan is how to prioritize and pay for these investments. Mr. Degginger noted that the Growth Management Plan directs growth to metropolitan centers, and therefore projects to connect these centers should be weighted more favorably in the 2040 Plan.

¹ Amendment requested by Councilmember Lee during November 2, 2009, Regular Session.

Councilmember Chelminiak stated that Bellevue has experienced growth and successfully managed growth due in part to its location at the crossroads of three major highway facilities. In order to maintain its role as a hub in the transportation system, it is critical to provide multiple travel modes, including a regional light rail and bus facility. He concurred with Mayor Degginger that transportation investments must directly support the growth centers. Mr. Chelminiak feels this should be a prominent concept in the Interest Statement because of the importance of linking transportation to land uses and economic viability.

Deputy Mayor Balducci concurred, noting apparent agreement around the table. Transportation plans to date had policies that talked about supporting growth centers. However, actions have not followed those policies and instead investments are sometimes thinly spread across the region. Ms. Balducci suggested it should be harder for projects to end up in the constrained projects list, and that urban growth areas should receive proportionate transportation investments.

Ms. Balducci summarized her understanding of the Council's priorities which she plans to communicate to the regional tolling committee next week. These include RTID, I-405, SR 520, Bel-Red corridor projects, and key projects identified as important for economic vitality. Ms. Balducci intends to focus on the concept that tolling revenue raised within a corridor should be used first for improvements in that corridor. In addition, she will communicate that local arterial tolling and local parking surcharges are inappropriate components of the regional plan.

Councilmember Bonincontri expressed support for Deputy Mayor Balducci's comments.

Responding to Mayor Degginger, Ms. Becklund said staff will revise the Interest Statement and return for additional discussion with the Council. She will distribute PSRC staff's preliminary preferred alternative to the Council in advance of the meeting.

Dr. Davidson expressed his support for points raised by his fellow Councilmembers.

At 8:02 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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